

## Message Text

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17

ACTION AF-07

INFO OCT-01 EUR-12 NEA-06 IO-10 ISO-00 CIAE-00 DODE-00

PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01

PRS-01 SP-02 SS-15 USIA-06 AEC-05 AID-05 CEA-01

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OES-03 STR-01 TRSE-00 FRB-01 FEA-01 ACDA-05 MC-01

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R 091443Z DEC 74

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 993

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY PARIS

AMEMBASSY TEHRAN

USMISSION USUN NEW YORK

AMEMBASSY VIENNA

C O N F I D E N T I A L PRETORIA 5248

BRUSSELS FOR USNATO, USEC

CAPE TOWN FOR EMBASSY

PARIS FOR OECD

E.O. 11652: GDS

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TAGS: SF, BC, WZ, LT, PINR, EALR, EFIN, ENRG, ETRD, MILI

SUBJ: SOUTH AFRICAN IMPORTS OF ARMS AND OIL

SUMMARY: ONE METHOD OF ESTIMATING SOUTH AFRICA'S IMPORTS OF ARMS AND OIL GIVES R300 MILLION (\$435 MILLION) IN ANNUAL ARMS IMPORTS, R700 MILLION (\$1,015 MILLION) FOR OIL. END SUMMARY.

1. SINCE 1973, BECAUSE OF THE ARAB BOYCOTT, SOUTH AFRICA HAS STOPPED PUBLISHING FIGURES ON THE IMPORT OF PETROLEUM AND PETROLEUM PRODUCTS. ARMS IMPORTS HAVE BEEN SECRET FOR MANY YEARS. WE HAVE BEEN LOOKING FOR A WAY TO ESTIMATE THESE IMPORTS AND BELIEVE WE HAVE FOUND ONE THAT IS REASONABLY VALID, AT LEAST FOR THE TOTAL OF ARMS AND OIL COMBINED.

2. THE DEPARTMENT OF CUSTOMS AND EXCISE PUBLISHES MONTHLY TRADE FIGURES THAT GIVE THE VALUE OF IMPORTS OF ALL PRODUCTS EXCEPT OIL AND ARMS. FOR THE FIRST HALF OF 1974, THIS WAS 2,219 MILLION RAND (ONE RAND EQUAL \$1.45).

3. THE RESERVE BANK QUARTERLY BULLETIN GIVES IMPORT FIGURES RECEIVED FROM CUSTOMS AND EXCISE BUT DIFFERING FROM THE PUBLISHED C&E FIGURES IN TWO WAYS: THE BANK FIGURES INCLUDE ARMS AND OIL, AND THE BANK HAS MADE CERTAIN TECHNICAL ADJUSTMENTS FOR USE IN BALANCE OF PAYMENTS CALCULATIONS. BOTH THE BANK AND THE C&E FIGURES INCLUDE IMPORTS DESTINED FOR BOTSWANA, LESOTHO AND SWAZILAND, THE MEMBERS OF THE RAND CUSTOMS AREA.

4. IT MAY BE THOUGHT ODD THAT THE BANK WOULD PUBLISH FIGURES THAT INCLUDE ARMS AND OIL, BUT ODD OR NOT, WE HAVE BEEN ASSURED BY THE HEAD OF THE BALANCE OF PAYMENTS STAFF IN THE ECONOMIC DEPARTMENT OF THE BANK THAT THIS IS THE CASE. (OF COURSE, THIS SAVES THE BANK FROM HAVING TO HIDE OFFSETTING ENTRIES ELSEWHERE IN THEIR BALANCE OF PAYMENTS FIGURES AND RETAINS THE BANK'S INTEGRITY IN THESE MATTERS.) THE BANK'S FIGURE FOR THE FIRST HALF OF 1974 IS R2,697 MILLION.

5. THE EFFECT OF INCLUDING THE BLS COUNTRIES MAY BE CONSIDERED NEGLIGIBLE, ALTHOUGH COMMENTS ON THIS POINT FROM GABORONE, MASERU AND MBABANE WOULD BE WELCOME. THE TECHNICAL ADJUSTMENTS ARE PROBABLY ALSO NEGLIGIBLE, ALTHOUGH WE WOULD WELCOME THE CONFIDENTIAL

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DEPARTMENT'S OR THE TREASURY'S VIEWS ON THIS.

6. IGNORING THE "TECHNICAL ADJUSTMENTS", SOUTH AFRICA AND THE BLS COUNTRIES WOULD SEEM TO BE SPENDING JUST UNDER ONE BILLION RAND A YEAR FOR OIL AND ARMS (2,697M LESS 2,219M OR 478M FOR THE HALF YEAR). THE LION'S SHARE OF THIS IS FOR SOUTH AFRICA, THE REST FOR THE BLS STATES. A COMMON GUESS FOR OIL IMPORTS IS 300,000 BARRELS A DAY, WHICH AT TODAY'S

PRICES WOULD COST ON THE ORDER OF R700 MILLION A YEAR. ABOUT  
R300 MILLION WOULD BE LEFT FOR ARMS.

7. IF THE DEPARTMENT FINDS THESE FIGURES USEFUL, WE CAN REPEAT  
THIS EXERCISE WITH EACH ISSUE OF THE QUARTERLY BULLETIN.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ARMS, IMPORTS, PETROLEUM  
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**Draft Date:** 09 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**Subject:** SOUTH AFRICAN IMPORTS OF ARMS AND OIL SUMMARY: ONE METHOD OF ESTIMATING SOUTH AFRICA'S IMPORTS OF ARMS  
**TAGS:** PINR, EALR, EFIN, ENRG, ETRD, MILI, SF, BC, WZ, LT  
**To:** STATE  
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